

**LAWRENCEVILLE NURSING HOME TO PAY \$2.5 MILLION
TO SETTLE ALLEGATIONS OF GROSS NEGLIGENCE OF RESIDENTS**

December 22, 2005

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FOR IMMEDIATE RELEASE

David E. Nahmias, United States Attorney for the Northern District of Georgia; Peter D. Keisler, Assistant Attorney General for the Civil Division, U.S. Department of Justice; Daniel R. Levinson, Inspector General, U.S. Department of Health and Human Services; and Thurbert E. Baker, Attorney General for the State of Georgia, announced today that Life Care Centers of America, Inc. (LCCA), the operator of a skilled nursing facility located in Lawrenceville, Georgia known as Life Care Center of Lawrenceville (Lawrenceville), along with Gwinnett Operations, a TN LLC, successor to Gwinnett Medical Investors Limited Partnership (GO), Developers Investment Company, Inc. (DIC) and Forrest L. Preston, the owners of Lawrenceville, have agreed to pay a total of \$2.5 million to resolve multiple allegations of federal False Claims Act violations for billing for services that either were not provided or were worthless to the Lawrenceville residents.

The complaint, originally filed by five whistleblowers in November 2002, alleged a systemic failure by Lawrenceville to provide appropriate nursing care to its residents and also alleged that such failure resulted in the premature deaths of several residents. The whistleblowers' complaint alleged that the failure of care was the result of severe understaffing, inadequate staff training, high staff turnover, an ineffective medical director, poor nursing documentation, and insufficient budgetary allowances. The whistleblowers all had family members who were residents at Lawrenceville. The government's investigation of these allegations led to its decision to intervene in the action on October 3, 2005.

The United States and the State of Georgia have agreed to dismiss the lawsuit in exchange for a total payment of \$2.5 million, with the United States receiving \$1,092,000 for damages sustained by the Medicare program and \$604,800 for the federal share of the damages sustained by the Medicaid program. The State of Georgia is receiving \$403,200 for the damages sustained by the State of Georgia in connection with its funding of the Medicaid program. The three private citizens who originally filed the qui tam action and who remain parties to this case will receive a total of \$400,000 for their efforts pursuant to the False Claims Act. In addition, LCCA and Lawrenceville have agreed to enter into a Corporate Integrity Agreement (CIA) which requires Lawrenceville to continue to implement certain policies and procedures put in place to ensure compliance with applicable statutes and regulations governing patient care and provides for the

appointment of an independent monitor who will oversee operations at Lawrenceville for up to five years to verify that its policies and procedures are working effectively and that patients receive appropriate care. LCCA also has voluntarily agreed to apply the policies and procedures implemented for Lawrenceville to LCCA's other facilities across the country.

"The settlement represents the largest recovery against a single skilled nursing facility under the False Claims Act based on a failure of care case to date," said Peter D. Keisler, Assistant Attorney General for the Civil Division. "This case demonstrates our ongoing commitment to recover monies paid for services by federal health benefits programs but either were not provided at all or were grossly deficient."

In a brief news conference announcing the settlement today, United States Attorney David E. Nahmias said, "This case demonstrates that the government will not tolerate a nursing home's failure to provide adequate care to the elderly, our most vulnerable citizens; and that the government will continue to ensure that public funds expended on behalf of nursing home residents are used appropriately to provide them with adequate care and services. While we always expect to recover the public funds improperly expended, in these nursing home cases, our primary goal is to ensure good patient care. Life Care's willingness to voluntarily apply the policies and procedures implemented at Lawrenceville to its other facilities helps further this goal."

Georgia Attorney General Thurbert Baker said, "Today's settlement reaffirms the commitment of both the State of Georgia and the federal government to pursue allegations of improper care provided to Georgia's elder citizens. In failing to provide sufficient care for these nursing facility residents, Life Care placed at risk the very residents who had been entrusted to its care. This settlement sends a clear message that taking shortcuts to improve the financial bottom line in the medical arena will have legal consequences."

The investigation was handled by the United States Attorney's Office for the Northern District of Georgia, the Civil Division of the United States Department of Justice, the United States Department of Health and Human Services, Office of Inspector General, and the State of Georgia's Attorney General's Office.

For further information and details, please contact David E. Nahmias (pronounced NAH-me-us), United States Attorney or Amy L. Berne, Chief, Civil Division, through Patrick Crosby, Public Affairs Officer, U.S. Attorney's Office, at (404) 581-6016. The Internet address for the HomePage for the U.S. Attorney's Office for the Northern District of Georgia is www.usdoj.gov/usao/gan.